

Coins

Metal mania soars, as sellers swamp stores

By Roger Boye

"IT'S ABSOLUTE madness," said a Chicago coin dealer last week, as he started to count another hoard of old coins:

Nearly 25 people were jammed in to his tiny shop, each wanting to sell silver or gold treasures while prices were soaring. It was 4 p.m., and the dealer and two assistants had not yet had lunch.

"The lines started forming soon after New Year's when precious metal prices took off on their latest binge," the dealer said. "Every day brings more of this insanity."

The scene was much the same last week at several other Chicago-area coin stores: big crowds, dozens of phone calls each hour, and record amounts of money exchanging hands.

At Chandler's Inc. in Evanston, for example, six clerks couldn't keep up with the people who swarmed into the coin and stamp department on a recent Saturday.

"It was the busiest day in our history," said Jared Johnson, company president and coin dealer.

Another dealer used figures to put the metal mania in perspective. "In 1978, I did \$750,000 worth of business. In the last couple of weeks, we've been buying (and then reselling) \$100,000 worth of precious metals each day."

Business has been so brisk that store clerks usually do not check a customer's old coins for

"collector items." Instead, they simply calculate the amount of silver (or gold) in the coins and make an offer based on the latest metal quotations from commodity exchanges.

For example, on Jan. 18, some dealers were paying 22 or more times face value for silver coins minted before 1965, and about \$800 an ounce for certain gold coins. Several dealers also were buying sterling silver pieces — such as flatware or candlesticks — and gold jewelry.

"Everything we buy is going straight to the melting pot," said Louis Goldstein, owner of Lucky Lou Coins, 3111 W. Devon Av. "I'm sure there are some rare-date coins being destroyed, but we just don't have the time to go through all of them."

Goldstein, as other dealers, resells the silver coins he buys (usually at a modest profit) to silver smelters or to a "middleman" who sells to smelters. Refined coins and sterling are a source of silver used in film and other products.

Not all treasures are being melted, of course, and some local "investors" are even buying precious-metal coins at the record-high prices.

"I'd almost call it panic buying," said James Simek, a dealer at the Rare Coin Co. of America, 31 N. Clark St. "People tell us, 'I want to own silver coins,' without any idea of what they are getting into."

Simek talked about the frenzied market on



Silver and gold coins for the melting pot: The rush is on.

Jan. 17, one day before four robbers kidnaped a messenger for the Rare Coin Co. and made off with his car containing more than \$400,000 worth of silver coins. The messenger was later released.

During the Jan. 17 interview, Simek said that working under hectic conditions every day is "mighty tiring (and) people around here are getting on edge. I've never seen anything like

this in my 21 years in the business."

A FOOTNOTE: Earlier last week, a few coin dealers said they stopped buying coins because all of their money is "tied up" in silver waiting to be refined by smelters. Dealers usually don't get paid until their coins are refined, and some smelters are reportedly as much as three months behind schedule because of the huge number of coins being turned in.